

Average Tax Refunds Up 10% Because of Recovery Act Tax Credits

Mineola, NY – On Wednesday, Reps. Steve Israel (D – Huntington) and Carolyn McCarthy (D-Mineola) joined with Long Islanders and local accountants to alert Long Islanders to take advantage of federal tax benefits passed as part of the Recovery Act.

“The tax credits are good for Long Islanders,” said Rep. McCarthy. “For instance, the home energy efficiency improvements credit allows people to keep more money in their pockets and, at the same time, improve the energy efficiency of Long Island, which is good for our environment and for national security. And, even if you have already filed your taxes, it is not too late to take advantage of these tax credits.”

“We live in both a high-cost and a high-tax part of the country. This year because of Recovery Act tax credits, Long Islanders can get some of those taxes back,” said Rep. Israel. “Tax refunds are up 10 percent because of Recovery Act credits and Long Islanders need to make sure they’re getting their fair share.”

The American Recovery and Reinvestment Act includes the following tax credits:

- **Making Work Pay:** This credit can amount to as much as \$400 for an individual or \$800 for married couples filing jointly in their paychecks in 2009. Taxpayers whose withholdings in 2009 did not provide the full amount of the Making Work Pay credit they are due will get the additional amount when they file their 2009 tax return. Even though most taxpayers received the benefit of this credit in their paychecks from adjusted tax withholding by their employers, they still need to claim this credit on their tax returns (i.e., Form 1040 or 1040A).
- **American Opportunity Credit:** More parents and students are eligible for a tax credit of up to \$2,500 to pay for college expenses and can claim the credit annually for four years instead of two.
- **First-Time Homebuyer’s Credit:** Homebuyers can get a credit of up to \$8,000 for first homes purchased by April 30, 2010 under the First Time Homebuyer tax credit. Long-time residents who don’t qualify as first-time homebuyers and those with incomes of up to \$145,000 for an individual and \$245,000 for joint filers are also eligible for a reduced credit.
- **Energy Efficiency and Renewable Energy Incentives:** Taxpayers are eligible for up to \$1,500 in tax credits for making some energy-efficiency improvements to their homes such as adding insulation and installing energy efficient windows.
- **Unemployment Benefits Tax Free in 2009:** The Recovery Act made the first \$2,400 of unemployment benefits – usually taxable income – tax-free.

The American Recovery and Reinvestment Act was passed and signed into law in February 2009. Long Islanders who have already filed their returns can still amend them to apply one of the Recovery Act tax credits.

Rep. McCarthy serves on the House Committee on Education and Labor and the House

Committee on Financial Services. Rep. Israel serves on the House Appropriations Committee.